

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

05 CR 10020-RCL

_____	)	CRIMINAL NO.
UNITED STATES OF AMERICA	)	
	)	VIOLATIONS:
v.	)	
	)	18 U.S.C. §371 (conspiracy to defraud United States
CHARLES J. WALLACE, and	)	and to commit mail fraud)
DICH TRIEU,	)	26 U.S.C. §7203 (willful failure to file tax return)
	)	26 U.S.C. §7203 (willful failure to supply tax
defendants.	)	information)
_____	)	18 U.S.C. §2 (aiding and abetting)

Information

The United States Attorney Charges that:

ALLEGATIONS COMMON TO ALL COUNTS

1. At all times pertinent to this Information, Daniel W. McElroy ("McELROY") was an individual who resided in Sharon in the District of Massachusetts. At times pertinent to this Information, McELROY owned and operated corporations through which he conducted a temporary employment agency business that specialized in providing workers to various businesses, including manufacturing and food processing concerns.

2. At all times pertinent to this Information, Aimee J. King McElroy ("KING") was an individual who resided in Sharon in the District of Massachusetts. At times pertinent to this Information, KING was married to McELROY and was a co-owner of corporations through which McELROY conducted his temporary employment agency business. At times pertinent to this Information, KING helped operate the business's main office.

3. At all times pertinent to this Information, defendant CHARLES J. WALLACE ("WALLACE") was an individual who resided in East Bridgewater in the District of

Massachusetts. At times pertinent to this Information, WALLACE held himself out as a Certified Public Accounting doing business as Wallace Services. At times pertinent to this Information, WALLACE helped operate, and provided various accounting services to, McELROY's temporary employment agency business.

4. At all times pertinent to this Information, defendant DICH TRIEU, was an individual who residence at Lowell, in the District of Massachusetts. At times pertinent to this Information, DICH TRIEU was formally listed as doing business under the name Pro Temp. Company ("Pro Temp."), although he exercised little or no control over that business entity, which functioned as an arm of McELROY and KING's temporary employment agency business.

5. At all times pertinent to this Information, McELROY operated his temporary employment agency business under the name of Daily A. King Labor, Inc., a Massachusetts corporation. At various times pertinent to this Information, McELROY also operated the business through, and under the names of, other corporations and individuals, including Pro Temp. Company ("Pro Temp."), DICH TRIEU, PTC and Precission Temp. Corp ("Precission").

6. At times pertinent to this Information, Daily A. King Labor, Inc. maintained business offices in Taunton, Massachusetts, at 24 Norfolk Avenue, Easton, Massachusetts, and later at 14 E,G Bristol Drive, Second Floor, South Easton, Massachusetts, with additional offices in Chelsea, Lowell and New Bedford, Massachusetts.

TEMPORARY EMPLOYMENT SERVICES (GENERALLY)

7. The term "temporary employment agency" refers to a business whereby the agency provides client companies with workers, ordinarily on a short-term basis. Typically, the agency handles the administrative and accounting tasks associated with the hiring and employment process, while the client company directs the day-to-day work activities of the temporary employees.

8. In temporary employment agency arrangements, the agency is ordinarily responsible for issuing paychecks to the employees, for paying state and federal employment taxes, and for processing payroll deductions for taxes, social security obligations, health care benefits and/or union dues. The agency is also responsible for meeting certain other fiduciary responsibilities of employers, including maintaining workers compensation insurance for the employees. For these services, client companies pay fees to the agency.

9. Fees paid to temporary employment agencies may be calculated in various ways. Commonly, fees are calculated based on a fixed hourly rate. For example, the agency might charge a client company \$10.00 per hour for the services of each temporary employee. Included in that rate would be the actual wages paid to the worker, additional expenses such as employment taxes, unemployment insurance and workers compensation insurance (sometimes referred to as "fringes"), as well as any profit margin for the temporary employment agency.

FEDERAL EMPLOYMENT (PAYROLL) TAXES

10. Federal tax laws require employers, including temporary employment agencies, to file Form 941, Employers Federal Quarterly Tax Return, to report and pay all Federal employment taxes withheld from employees. Federal employment taxes consist of Social Security

Tax and Medicare Tax. Employers must file a Form 941 for each quarter ending March 31st; June 30th; September 30th; and December 31st every year.

11. Like other employers, temporary employment services are subject to federal employment taxes.

12. The Federal Insurance Contributions Act (F.I.C.A.) tax rate is 15.3 % of an employee's wages. Each employee is liable for only one half (1/2) of this 15.3%, or 7.65%. Employers are liable for the other half, or 7.65% of each employees' wages. Employers are required by federal tax law to withhold the employees' share of federal employment taxes from their employees' pay. Employers are further required to file Form 941 with the IRS in order to report their payments to employees and to report both the employees' and the employers' share of federal employment taxes. At the same time, employers are required to deliver to the IRS the employee's share of the F.I.C.A. taxes and to pay the employer's share.

13. Under federal law, employers are also required to withhold taxes from employees' wages to be credited toward the employees' federal income tax obligations.

#### THE WORKERS COMPENSATION INSURANCE SYSTEM IN MASSACHUSETTS

14. At all times pertinent to this Information, the laws of the Commonwealth of Massachusetts required employers to obtain workers compensation insurance coverage so that employees who suffer work-related injuries will be compensated in accordance with the workers compensation laws of Massachusetts.

15. As with other forms of insurance, employers obtain workers compensation insurance by paying fees, known as premiums, to insurance companies, which issue insurance policies that cover the employers' obligations to pay for on-the-job injuries.

16. Commonly, workers compensation insurance is obtained for a fixed period, often one-year, known as the insurance policy term.

17. As with other forms of insurance, premiums for workers compensation insurance are based in part on factors related to the degree of risk the insurance company is assuming. The following factors commonly are used in calculating a particular employer's workers compensation insurance premium: (1) the total wages of the employees to be covered (known as "payroll"); (2) the nature of the employees' work activities (known as "classification"); and (3) the employer's past history of work-related injuries.

18. In some cases, insurance companies and employers may agree to a method of pricing workers compensation insurance, known as Retrospective Rating, whereby the insurance premium is determined after the policy term has ended, based in part on the actual losses (i.e. amounts paid to workers injured while working for the employer) during the policy term. When such pricing agreements are in place, the employer's total payroll is commonly used in calculating maximum and minimum premium limits (for example, a Retrospective Rating policy may require an employer to pay a premium of not less than 10% and not more than 200% of a base premium determined by multiplying the employer's payroll by a standard rate, with the final amount of the premium being determined based on actual losses incurred during the policy term).

19. Ordinarily, at the beginning of a policy term, an employer is required to provide its workers compensation insurance company with estimates of its anticipated payroll during the upcoming policy term, as well as information regarding the job classifications of its employees. These payroll estimates are then commonly used to determine an estimated premium, which the employer may be required to pay, in part or in full, before or during the policy term.

20. After the close of a policy term, the insurance company providing workers compensation insurance commonly conducts an "audit" of the employer's actual payroll during the policy term. Interim audits may also be conducted, during the policy term, to check the accuracy of the employer's payroll estimates and, if necessary, to adjust the amount of any installment payments the employer may be obligated to pay. Such audits may be highly informal--such as obtaining information through a telephone call--or they may involve a more detailed review of records. During such audits, the employer is required to report to the insurance company its actual payroll during the policy term. The employer may also be required to furnish records, such as employment tax withholding records, to verify its payroll figures.

21. Actual payroll figures are used to determine the final amount of the employer's premium for the policy term. Although the factors used to compute premiums differ for standard and Retrospective Rating arrangements, actual payroll figures are ordinarily required for both kinds of arrangements.

Daily A. King Labor, Inc. Insurance Coverage

22. Beginning in or about February 1993, McELROY operated Daily A. King Labor, Inc. as a temporary employment agency.

23. Between in or about February 17, 1993, and in or about July 26, 1996, Daily A. King Labor, Inc. obtained workers compensation insurance policies from Liberty Mutual Insurance Group ("Liberty Mutual").

24. At times pertinent to this Information, Liberty Mutual maintained a place of business at Boston, in the District of Massachusetts.

25. At times pertinent to this Information, it was the regular business practice of Liberty Mutual to send various items relating to pricing and billing for insurance policies by the

U.S. Postal Service, including notices reflecting interim and final bill amounts and invoices for payment.

26. Between in or about July 26, 1996, and in or about July 26, 2000, Daily A. King Labor, Inc. obtained workers compensation insurance coverage through Reliance National Indemnity Company, a Reliance Group Holdings Company ("Reliance").

27. At times pertinent to this Information, Reliance National Indemnity Company maintained a place of business at 77 Water Street, New York, New York.

28. At times pertinent to this Information, it was the regular business practice of Reliance to send items relating to pricing and billing for insurance policies by the U.S. Postal Service, including notices reflecting interim and final bill amounts and invoices for payment.

29. Between in or about July 26, 1996 and July 26, 2000, the workers compensation insurance agreements between Daily A. King Labor, Inc. and Reliance provided for the use of a retrospective rating plan in pricing the Daily A. King Labor, Inc.'s insurance coverage. For each of three one-year policy terms, Daily A. King Labor, Inc.'s agreements with Reliance provided for minimum and maximum premiums that were calculated based on multiplying agreed-upon rates times the amount of Daily A. King Labor, Inc.'s payroll during each policy term.

Pro Temp. and Precission Temp. Corp. Insurance Coverage

30. Beginning in or about 1993 and continuing until on or about June 26, 2001, McELROY, WALLACE and others known to the United States Attorney operated the employment agency, in part, under the names DICH TRIEU, Pro Temp. and Precission Temp. Corp.

31. In or prior to the periods set forth below, McELROY and others caused workers compensation policies to be obtained in the names of Pro Temp. and DICH TRIEU, from the following insurance companies:

<u>Dates of Coverage</u>	<u>Insurance Carrier</u>
9/14/1993 - 9/14/1996	American Policyholders' Insurance Company
9/14/1996 - 9/14/1997	Aim Mutual Insurance Company
9/14/1997 - 11/15/1997	Granite State Insurance Company
11/15/1997 - 11/15/1998	American Home Assurance Company
1/22/1999 - 1/22/2000	Reliance National Indemnity Company,
1/22/2000 - 1/22/2001	Gulf Insurance Company

32. In or about May 2000, McELROY and others caused Precision Temp. Corp. to be added as an additional insured on the insurance policy then in force issued to Pro Temp. by Gulf Insurance Company.

33. At times pertinent to this Information, it was the regular business practice of each of the insurers that provided workers compensation insurance coverage to entities through which McELROY and WALLACE operated the temporary employment agency business, to send various items relating to pricing and billing for insurance policies by the U.S. Postal Service, including notices reflecting interim and final bill amounts and invoices for payment.



COUNT ONE

CONSPIRACY (18 U.S.C. §371)

34. The United States Attorney realleges and incorporates by reference paragraphs 1-32 of this Information, and further charges that:

35. Beginning some time prior to January 1, 1993 and continuing until on or about June 26, 2001, at Brockton and South Easton in the District of Massachusetts and elsewhere,

CHARLES J. WALLACE,

defendant herein, together with others known and unknown to the United States Attorney, knowingly and unlawfully conspired and agreed:

to defraud the United States by impeding, impairing, obstructing and defeating the lawful government functions of the Internal Revenue Service of the Treasury Department in the ascertainment, computation, assessment and collection of the revenue; to wit, employment and income taxes; and

to commit offenses against the United States, to wit, having devised and intending to devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses and representations, and for the purpose of executing such scheme and artifice and attempting to do so, to place and cause to be placed in a post office and authorized depository for mail matter, things to be sent and delivered by the Postal Service, in violation of Title 18, United States Code, Section 1341 (Mail Fraud).

### OBJECTIVES OF THE CONSPIRACY

36. A major purpose and objective of the conspiracy was to enable McELROY to fraudulently avoid paying a portion of the federal employment taxes that were owed in connection with the operation of his temporary employment agency business.

37. A second major purpose and objective of the conspiracy was to enable McELROY to fraudulently reduce the premiums for workers compensation insurance for his temporary employment agency business.

38. A further purpose and objective of the conspiracy was to enable McELROY to avoid collecting and paying to the IRS income tax withholding amounts for employees of his temporary employment agency business.

### MANNER AND MEANS OF THE CONSPIRACY

The manner and means by which the conspirators accomplished the goals of the conspiracy included, among others, the following:

#### Off-The-Books Cash Payments to Employees

39. It was part of the conspiracy that McELROY, WALLACE, KING, DICH TRIEU and others would and did arrange to pay employees of the temporary employment agency business in cash, without keeping appropriate records of the employees' social security numbers and other information necessary for reporting such cash payments to the Internal Revenue Service or to the workers compensation insurers for their business.

40. It was part of the conspiracy that McELROY, WALLACE and KING administered the office procedures of the temporary employment agency business in such a way that records of cash payments to employees were not maintained in the computerized books and ledgers that were used to record and calculate payroll data for purposes of federal tax reporting and payment.

Setting up Separate Business Entities

41. It was part of the conspiracy that from late-1994 through May 2000, McELROY and WALLACE arranged for an individual, DICH TRIEU, to hold himself out as doing business under the name Pro Temp. Co. for purposes of hiring employees and submitting tax returns, in order to create the appearance that Pro Temp. Co. was a separate and independent business.

42. It was part of the conspiracy that beginning in or about May 2000, McELROY and WALLACE arranged for an individual known to the United States Attorney to hold himself out as president of Precission Temp. Corp. and arranged for Precission Temp. Corp. to hold itself out as doing business for purposes of hiring employees and submitting tax returns, in order to create the appearance that Precission Temp. Corp. was a separate and independent business.

43. It was part of the conspiracy that KING would and did instruct employees in the offices of the temporary employment agency business to answer the office telephone "Daily A. King" and to deny knowledge of Pro Temp. Co. and Precission Temp. Corp. KING would and did instruct employees to tell callers who were seeking Pro Temp. Co. and Precission Temp. Corp. that those entities were located at a different address and to provide the callers with a telephone number for those entities.

44. It was part of the conspiracy that McELROY arranged to obtain a private mailbox at a mailing service in the name of Pro Temp. Co., in order to create the appearance that Pro Temp. Co. maintained a separate business office.

45. It was part of the conspiracy that McELROY and WALLACE controlled the operations of Pro Temp. Co., which functioned as a part of the temporary employment agency business operated by McELROY and WALLACE.

46. It was part of the conspiracy that McELROY and WALLACE arranged to lease office space in the name of Precision Temp. Corp., in order to create the appearance that Precision Temp. Corp. operated as a separate business.

47. It was part of the conspiracy that McELROY and WALLACE controlled the operations of Precision Temp. Corp., which functioned as a part of the temporary employment agency business operated by McELROY, WALLACE and KING.

Administering the Cash Payroll

48. It was part of the conspiracy that McELROY and WALLACE calculated, on a weekly basis, the total amount of cash needed for the off-the-books cash payments to employees of the temporary employment agency business.

49. It was part of the conspiracy that McELROY, WALLACE, KING, DICH TRIEU and others would and did obtain cash on a weekly basis, in amounts ranging from \$200,000 to \$300,000 per week, in order to meet the off-the-books payroll of the temporary employment agency business.

50. It was part of the conspiracy that McELROY, WALLACE, KING, DICH TRIEU and others would and did obtain cash, totaling more than \$30,000,000.00 during the years 1997 through the first quarter of 2001 for use in paying the off-the-books payroll of the temporary employment agency business.

51. It was part of the conspiracy that, at various times, McELROY, WALLACE, KING and others would and did arrange to structure some of their cash transactions to avoid federal Currency Transaction Report filing requirements. That is, they arranged to obtain amounts of cash in excess of \$10,000 through multiple transactions, each for less than the \$10,000 reporting threshold.

52. It was part of the conspiracy that McELROY, WALLACE, KING and others would and did cause checks to be written from Daily A. King Labor, Inc. to individuals and entities, including DICH TRIEU, Pro Temp. Co. and Precission Temp. Corp., who in turn, obtained cash to be used to make off-the-books payments to employees of the temporary employment agency business.

53. It was part of the conspiracy that WALLACE directed and supervised DICH TRIEU and others as they traveled to banks to cash checks and then brought the cash back to the offices of the temporary employment agency business.

Filing False Tax Returns and Willful Failure to File Returns

54. It was part of the conspiracy that WALLACE would and did prepare and file employment tax returns, including Form 941, Employers Federal Quarterly Tax Return, for Daily A. King Labor, Inc., which returns were false in that they failed to include off-the-books cash payments to employees of the temporary employment agency business.

55. It was part of the conspiracy that WALLACE would and did prepare and file employment tax returns, including Form 941, Employers Federal Quarterly Tax Return, for Pro Temp. Co., which returns were false in that they failed to include off-the-books cash payments to employees of the temporary employment agency business.

56. It was part of the conspiracy that McELROY, WALLACE, KING and DICH TRIEU failed to file employment tax returns, including Form 941, Employers Federal Quarterly Tax Return, for DICH TRIEU and Pro Temp. Company for the calendar quarter ending June 30, 2000, which return was due on July 31, 2000.

57. It was part of the conspiracy that McELROY, WALLACE, KING and others failed to file employment tax returns, including Form 941, Employers Federal Quarterly Tax Return, for Precision Temp. Corp.

Defrauding Workers Compensation Insurers

58. The primary means used to defraud workers compensation insurers was to fraudulently understate the payroll of defendants' temporary employment business, thereby directly reducing the insurance premiums, which were calculated on the basis of that payroll.

59. The payroll of defendants' temporary employment business was fraudulently understated by using made-up payroll figures for Daily A. King Labor, Inc., Precision Temp. Corp. and Pro Temp. Company.

60. McELROY and WALLACE arranged to and did provide false payroll figures to the insurance companies that provided workers compensation insurance to Daily A. King Labor, Inc., Pro Temp. Company and Precision Temp. Corp.

61. As part of the scheme to defraud, in order to mislead insurance company auditors, McELROY and WALLACE would and did arrange to provide forged tax forms, which purported to be copies of Form 941, Employers Federal Quarterly Tax Return, for Daily A. King Labor, Inc. and Pro Temp. Co., to the insurance companies that provided workers compensation insurance to those corporations. These forged tax returns were designed to "verify" the false payroll figures that McELROY and WALLACE had provided to the insurance companies. The forged tax returns reflected even lower payroll figures than the actual tax returns even though, as noted above, the actual tax returns themselves were fraudulently understated as a result of the failure to report off-the-books cash payroll.

62. For the purpose of executing such scheme and artifice and attempting to do so, McELROY and WALLACE caused various documents to be sent and delivered by the Postal Service, to wit: insurance documents that reflected premium calculations based upon false representations by the defendants regarding the payroll of Daily A. King Labor, Inc.

#### OVERT ACTS IN FURTHERANCE OF THE CONSPIRACY

In furtherance of the conspiracy, the following individuals did the following:

63. On or about the following dates, KING signed checks, drawn on accounts of Daily A. King Labor, Inc., payable to the following individuals and entities:

<u>Date</u>	<u>Ck#</u>	<u>Amnt</u>	<u>Payee</u>	<u>Payor</u>	<u>Bank</u>	<u>Acc't #</u>
04/28/1997	2492	\$4,925	Dich Trieu	Daily a King Labor Inc	Citizens	1103097501
04/29/1997	2493	\$4,871	Dich Trieu	Daily A. King Labor Inc.	Citizens	1103097501
04/29/1997	2496	\$7,258	Charles Wallace	Daily A. King Labor Inc.	Citizens	1103097501
05/01/1997	2499	\$4,960	Dich Trieu	Daily A. King Labor Inc.	Citizens	1103097501
05/02/1997	5336	\$4,000	Dich Trieu	Daily A. King Labor Inc.	Fleet	9100918
05/02/1997	5337	\$1,894	Xieu V. Son	Daily A. King Labor Inc.	Fleet	9100918
05/05/1997	2500	\$4,720	Dich Trieu	Daily A. King Labor Inc.	Citizens	1103097501
05/06/1997	2502	\$4,950	Dich Trieu	Daily A. King Labor Inc.	Citizens	1103097501
05/07/1997	30518	\$6,214	Charles Wallace	Daily A. King Labor Inc.	Citizens	1103097501
05/07/1997	30519	\$3,000	Charles Wallace	Daily A. King Labor Inc.	Citizens	1103097501
05/13/1997	30522	\$6,070	Charles Wallace	Daily A. King Labor Inc.	Citizens	1103097501
05/14/1997	2506	\$4,972	Dich Trieu	Daily A. King Labor Inc.	Citizens	1103097501
05/15/1997	2507	\$4,298	Charles Wallace	Daily A. King Labor Inc.	Citizens	1103097501
05/15/1997	2512	\$4,914	Charles Wallace	Daily A. King Labor Inc.	Citizens	1103097501
05/16/1997	2508	\$2,983	Dich Trieu	Daily A. King Labor Inc.	Citizens	1103097501
05/16/1997	2509	\$4,971	Sotha Khuth	Daily A. King Labor Inc.	Citizens	1103097501
05/16/1997	2511	\$4,984	Charles Wallace	Daily A. King Labor Inc.	Citizens	1103097501
05/16/1997	5342	\$3,000	Dich Trieu	Daily A. King Labor Inc.	Fleet	9100918
05/16/1997	2510	\$4,989	Hui Ly	Daily A. King Labor Inc.	Citizens	1103097501
05/19/1997	2513	\$4,945	Dich Trieu	Daily A. King Labor Inc.	Citizens	1103097501
05/20/1997	2515	\$9,210	Dich Trieu	Daily A. King Labor Inc.	Citizens	1103097501
05/20/1997	30552	\$7,359	Charles Wallace	Daily A. King Labor Inc.	Citizens	1103097501
05/21/1997	2519	\$4,920	Dich Trieu	Daily A. King Labor Inc.	Citizens	1103097501
05/22/1997	2520	\$4,986	Charles Wallace	Daily A. King Labor Inc.	Citizens	1103097501
05/22/1997	2521	\$9,310	Charles Wallace	Daily A. King Labor Inc.	Citizens	1103097501
05/23/1997	2522	\$3,427	Xieu V. Son	Daily A. King Labor Inc.	Citizens	1103097501

05/23/1997	2523	\$3,000	Charles Wallace	Daily A. King Labor Inc.	Citizens	1103097501
05/23/1997	2524	\$7,075	Charles Wallace	Daily A. King Labor Inc.	Citizens	1103097501
05/27/1997	2525	\$9,879	Charles Wallace	Daily A. King Labor Inc.	Citizens	1103097501
05/28/1997	2526	\$4,916	Dich Trieu	Daily A. King Labor Inc.	Citizens	1103097501
05/28/1997	2527	\$9,810	Mike Powers	Daily A. King Labor Inc.	Citizens	1103097501
05/28/1997	30565	\$6,659	Charles Wallace	Daily A. King Labor Inc.	Citizens	1103097501
05/29/1997	2528	\$9,794	Charles Wallace	Daily A. King Labor Inc.	Citizens	1103097501

64. On or about the following dates, KING signed checks, drawn on accounts of Daily

A. King Labor, Inc., payable to Pro Temp. Co.:

<u>Date</u>	<u>Ck#</u>	<u>Amount</u>	<u>Payor</u>	<u>Payee</u>	<u>Bank</u>	<u>Acc't#</u>
06/27/97	2554	\$30,000	Daily A. King Labor, Inc.	Pro Temp. Co.	Fleet	9100918
09/26/97	3095	\$65,000	Daily A. King Labor, Inc.	Pro Temp. Co.	Fleet	9100918
04/24/98	3141	\$28,000	Daily A. King Labor, Inc.	Pro Temp. Co.	Fleet	9100918
12/11/98	3244	\$65,000	Daily A. King Labor, Inc.	Pro Temp. Co.	Fleet	9100918
02/05/99	3279	\$70,000	Daily A. King Labor, Inc.	Pro Temp. Co.	Fleet	9100918
02/05/99	3280	\$10,000	Daily A. King Labor, Inc.	Pro Temp. Co.	Fleet	9100918
10/22/99	3342	\$70,000	Daily A. King Labor, Inc.	Pro Temp. Co.	Fleet	9100918

65. On or about the following dates, WALLACE prepared checks, drawn on an account of Pro Temp. Co., payable to DICH TRIEU:

<u>Date</u>	<u>Ck#</u>	<u>Amnt</u>	<u>Payor</u>	<u>Payee</u>	<u>Bank</u>	<u>Acc't#</u>
06/30/97	2249	\$ 9,876	Pro Temp. Co.	Dich Trieu	Fleet	9363455961
06/30/97	2250	\$ 9,906	Pro Temp. Co.	Dich Trieu	Fleet	9363455961
09/26/97	2541	\$65,000	Pro Temp. Co.	Dich Trieu	Fleet	9363455961
04/21/98	2983	\$70,000	Pro Temp. Co.	Dich Trieu	Fleet	9363455961
04/22/98	7323	\$20,000	Pro Temp. Co.	Dich Trieu	Fleet	9363455961
12/11/98	3652	\$100,000	Pro Temp. Co.	Dich Trieu	Fleet	9363455961
02/05/99	3773	\$120,000	Pro Temp. Co.	Dich Trieu	Fleet	9363455961
10/22/99	4797	\$120,000	Pro Temp. Co.	Dich Trieu	Fleet	9363455961



66. On or about the following dates, DICH TRIEU cashed the following checks:

<u>Date</u>	<u>Ck#</u>	<u>Amnt</u>	<u>Payor</u>	<u>Payee</u>	<u>Bank</u>	<u>Acc't#</u>
06/30/97	2249	\$ 9,876	Pro Temp. Co.	Dich Trieu	Fleet	9363455961
06/30/97	2250	\$ 9,906	Pro Temp. Co.	Dich Trieu	Fleet	9363455961
09/26/97	2541	\$65,000	Pro Temp. Co.	Dich Trieu	Fleet	9363455961
04/21/98	2983	\$70,000	Pro Temp. Co.	Dich Trieu	Fleet	9363455961
04/22/98	7323	\$20,000	Pro Temp. Co.	Dich Trieu	Fleet	9363455961
12/11/98	3652	\$100,000	Pro Temp. Co.	Dich Trieu	Fleet	9363455961
02/05/99	3773	\$120,000	Pro Temp. Co.	Dich Trieu	Fleet	9363455961
10/22/99	4797	\$120,000	Pro Temp. Co.	Dich Trieu	Fleet	9363455961

67. On or about the following dates, KING signed checks, drawn on accounts of Daily

A. King Labor, Inc., payable to Precision Temp. Corp.:

<u>Date</u>	<u>Ck#</u>	<u>Amnt</u>	<u>Payee</u>	<u>Bank</u>	<u>Acc't #</u>
09/13/00	13354	\$150,000	Precision Temp. Corp.	Rockland Trust	9100918
11/02/00	1032	\$60,000	Precision Temp. Corp.	Rockland Trust	9100918
01/11/01	1051	\$50,000	Precision Temp. Corp.	Rockland Trust	9100918
01/25/01	1057	\$75,000	Precision Temp. Corp.	Rockland Trust	9100918

68. On or about the following dates, WALLACE prepared checks, drawn on accounts of Precision Temp. Corp.:

<u>Date</u>	<u>Ck#</u>	<u>Amnt</u>	<u>Payee</u>	<u>Bank</u>	<u>Acc't #</u>
09/14/00	1197	\$150,000	Xieu Van Son	Eastern	9417782133
09/15/00	1201	\$100,000	Xieu Van Son	Eastern	9417782133
11/01/00	1319	\$150,000	Xieu Van Son	Eastern	9417782133
11/03/00	None	\$93,000	Xieu Van Son	Eastern	9417782133
01/11/01	1511	\$40,000	Xieu Van Son	Eastern	9417782133
01/12/01	1530	\$72,000	Xieu Van Son	Eastern	9417782133
01/26/01	1562	\$105,000	Xieu Van Son	Eastern	9417782133

69. On or about the following dates, McELROY and WALLACE caused an individual known to the United States Attorney to cash the following checks:

<u>Date</u>	<u>Ck#</u>	<u>Amnt</u>	<u>Payee</u>	<u>Bank</u>	<u>Acc't #</u>
09/14/00	1197	\$150,000	Xieu Van Son	Eastern	9417782133
09/15/00	1201	\$100,000	Xieu Van Son	Eastern	9417782133
11/01/00	1319	\$150,000	Xieu Van Son	Eastern	9417782133
11/03/00	None	\$93,000	Xieu Van Son	Eastern	9417782133
01/11/01	1511	\$40,000	Xieu Van Son	Eastern	9417782133
01/12/01	1530	\$72,000	Xieu Van Son	Eastern	9417782133
01/26/01	1562	\$105,000	Xieu Van Son	Eastern	9417782133

70. On or about the following dates, McELROY, WALLACE, KING, DICH TRIEU and others caused the temporary employment agency business operated by McELROY to pay approximately the following amounts in off-the-books cash payroll to employees of that business, which amounts were not reported in the tax returns of any of the business entities associated with the temporary employment agency business:

QUARTERLY PAYROLL PERIOD END DATE	OFF-THE-BOOKS CASH PAYROLL
3/31/97	\$ 336,497.00
6/30/97	\$ 1,096,791.00
9/30/97	\$ 1,691,192.00
12/31/97	\$ 2,275,805.00
3/31/98	\$ 1,417,507.00
6/30/98	\$ 1,943,000.00
9/30/98	\$ 2,313,000.00
12/31/98	\$ 2,969,100.00
3/31/99	\$ 1,972,000.00
6/30/99	\$ 2,095,000.00
9/30/99	\$ 2,383,000.00

QUARTERLY PAYROLL PERIOD END DATE	OFF-THE-BOOKS CASH PAYROLL
12/31/99	\$ 3,732,000.00
3/31/00	\$ 2,870,623.00
6/30/00	\$ 3,017,500.00
9/30/00	\$ 3,097,000.00
12/31/00	\$ 3,495,000.00
3/30/01	\$ 2,521,500.00

71. On or about the following dates, WALLACE prepared and caused to be filed employment tax returns, Form 941, Employers Federal Quarterly Tax Return, for Daily A. King Labor, Inc.:

<u>Form</u>	<u>Period Covered</u>	<u>Date Signed</u>	<u>Wages Reported</u>	<u>Preparer</u>
941	1st Quarter 1997	04/30/1997	2,452,200.96	C. Wallace
941	2d Quarter 1997	07/31/1997	2,959,760.59	C. Wallace
941	2d Quarter 1998	07/15/1998	2,744,046.12	C. Wallace
941	3d Quarter 1998	10/27/1998	2,661,238.95	C. Wallace
941	4th Quarter 1998	01/28/1999	2,055,938.33	C. Wallace
941	1st Quarter 1999	04/28/1999	1,344,209.66	C. Wallace
941	2d Quarter 1999	07/26/1999	1,617,354.38	C. Wallace
941	3d Quarter 1999	10/27/1999	1,698,328.31	C. Wallace
941	4th Quarter 1999	01/30/2000	1,579,487.61	C. Wallace
941	1st Quarter 2000	04/25/2000	1,367,086.59	C. Wallace
941	2d Quarter 2000	07/25/2000	1,613,437.30	C. Wallace
941	3d Quarter 2000	10/30/2000	1,568,039.31	C. Wallace

72. On or about the following dates, WALLACE prepared and caused to be filed employment tax returns, Form 941, Employers Federal Quarterly Tax Return, for Pro Temp. Co.:

<u>Form</u>	<u>Period Covered</u>	<u>Date Signed</u>	<u>Wages Reported</u>	<u>Preparer</u>
941	1st Quarter 1995	04/29/1995	89,497.97	C. Wallace
941	2d Quarter 1995	07/31/1995	29,451.04	C. Wallace
941	3d Quarter 1995	10/30/1995	100,725.20	C. Wallace
941	4th Quarter 1995	05/27/1997	241,028.15	C. Wallace
941	1st Quarter 1996	05/27/1997	172,512.24	C. Wallace
941	2d Quarter 1996	05/27/1997	211,007.65	C. Wallace
941	3d Quarter 1996	05/27/1997	307,370.63	C. Wallace
941	4th Quarter 1996	05/27/1997	434,958.80	C. Wallace

<u>Form</u>	<u>Period Covered</u>	<u>Date Signed</u>	<u>Wages Reported</u>	<u>Preparer</u>
941	1st Quarter 1997	05/27/1997	283,933.21	C. Wallace
941	2d Quarter 1997	07/31/1997	239,530.94	C. Wallace
941	3d Quarter 1997	10/31/1997	211,903.31	C. Wallace
941	4th Quarter 1997	01/31/1998	261,478.50	C. Wallace
941	1st Quarter 1998	04/27/1998	225,036.55	C. Wallace
941	2d Quarter 1998	07/30/1998	251,798.95	C. Wallace
941	3d Quarter 1998	10/27/1998	412,749.63	C. Wallace
941	4th Quarter 1998	01/31/1999	422,738.23	C. Wallace
941	1st Quarter 1999	04/30/1999	136,044.10	C. Wallace
941	2d Quarter 1999	07/26/1999	170,960.18	C. Wallace
941	3d Quarter 1999	10/31/1999	196,271.63	C. Wallace
941	4th Quarter 1999	01/30/2000	148,711.04	C. Wallace
941	1st Quarter 2000	05/01/2000	180,240.05	C. Wallace

73. On various dates between on or about June 4, 1993 and on or about October 4, 1996, McELROY and WALLACE would and did provide false payroll data to Liberty Mutual Insurance Group, intending that such information be used for purposes of determining workers compensation insurance premiums for Daily A. King. Inc.

74. On or about September 25, 1997, July 13, 1998, March 5, 1999 and October 4, 1999, McELROY and WALLACE would and did provide payroll data to Reliance National Indemnity Company and its representatives, intending that such information be used for purposes of determining workers compensation insurance premiums for Daily A. King. Inc.

75. On or about the dates set forth below, WALLACE provided to Reliance National Indemnity Company and its representatives documents that purported to be copies of Payroll Tax Withholding Records (IRS Form 941) and other records of Daily A. King Labor, Inc. Those records appeared to confirm McELROY's and WALLACE's representations regarding the actual payroll of Daily A. King Labor, Inc. In actuality, as defendant WALLACE well knew, the documents were forgeries which falsely understated the company's actual payroll:

<u>Audit Date</u>	<u>Policy Term</u>	<u>Payroll Reported to Insurer</u>
9/25/97	July 26, 1996 - July 25, 1997	\$ 2,800,871
7/13/98	July 26, 1996 - July 25, 1997	\$ 2,800,871
3/5/99	July 26, 1997 - July 25, 1998	\$ 2,489,873
10/4/99	July 26, 1998 - July 25, 1999	\$ 3,160,431

76. On or about January 26, 1999, WALLACE provided to American Home Assurance Company and its representatives documents that purported to be copies of Payroll Tax Withholding Records (IRS Form 941) and other records of Pro Temp. Company. Those records appeared to confirm McELROY's and WALLACE's representations that the payroll of Pro Temp. Company during the policy term November 15, 1997 through November 15, 1998 was \$953,580. In actuality, as defendant WALLACE knew, the \$953,580 figure falsely understated the company's actual payroll and the supporting documents were forgeries.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO

WILLFUL FAILURE TO KEEP TAX RECORDS AND TO SUPPLY TAX INFORMATION

(26 U.S.C. §7203)

77. The United States Attorney realleges and incorporates by reference paragraphs 1-13, 36, 38-57 and 63-72 of this Information, and further charges that:

78. At all times pertinent to this Information, the temporary employment agency business operated under the names Daily A. King Labor, Inc., Pro Temp. Company, Dich Trieu, PTC and Precission Temp. Corp, was required by law to keep records of payments to employees, together with identifying information for those employees, to supply that information to the Internal Revenue Service and, after the close of each calendar quarter and on or before the last day of the month following each calendar quarter, to make an Employer's Quarterly Federal Tax Return, Form 941, to the Director, Internal Revenue Service or other proper office of the United States.

79. Beginning in or about 1994 and continuing until on or about June 26, 2001, DICH TRIEU, in his capacity as an employee of the temporary employment agency business operated under the names Daily A. King Labor, Inc., Pro Temp. Company, Dich Trieu, PTC and Precission Temp. Corp, arranged to employ, and to pay cash to, multiple individuals without maintaining records of those individuals' social security numbers and other identifying information, which information DICH TRIEU well knew was required for purposes of supplying information to United States tax authorities.

80. Beginning in or about 1994 and continuing until on or about June 26, 2001, at South Easton and Lowell, in the District of Massachusetts and elsewhere,

DICH TRIEU,

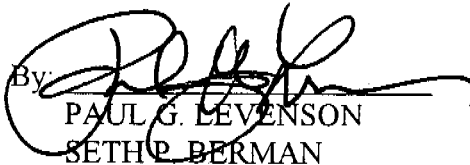
defendant herein, acting on behalf of an employer of labor that was required by law to keep records of payments to individual employees, together with records of those individuals' social security numbers and other identifying information, and to supply such information to the Internal Revenue Service of the United States, did willfully fail to keep such records and did willfully fail to supply such information, at the time or times required by law and regulation.

All in violation of Title 26, United States Code, Section 7203 and Title 18, United States Code, Section 2.

Respectfully submitted,

MICHAEL J. SULLIVAN  
United States Attorney

dated: January 26, 2005

By:   
PAUL G. LEVENSON  
SETH P. BERMAN

Assistant U.S. Attorneys  
John Joseph Moakley United States Courthouse  
1 Courthouse Way, Suite 9200  
Boston, MA 02210  
(617) 748-3147



05 CR 10020 RCL

## Criminal Case Cover Sheet

U.S. District Court - District of Massachusetts

Place of Offense:

Category No. III

Investigating Agency IRS, FBI

City South Easton

Related Case Information

County Bristol

Superseding Ind./ Inf.

Same Defendant

Magistrate Judge Case Number

Search Warrant Case Number

R 20/R 40 from District of

Case No.

New Defendant

2001 M 0455 RBC

## Defendant Information:

Defendant Name CHARLES J. WALLACE

Juvenile

☐ Yes☒ No

Alias Name

Address 253 Harvard Street, East Bridgewater, Massachusetts 02333

Birth date: \*\*\*/1950 SS#: \*\*\*/2028 Sex: M Race: White Nationality: US

Defense Counsel if known: Gregory G. Nazarian, Esq.

Address: 1063 N. Main Street

Brockton, MA 02301

Bar Number:

## U.S. Attorney Information:

AUSA Paul G. Levenson

Bar Number if applicable 553946

Interpreter:

☐ Yes☒ No

List language and/or dialect:

Matter to be SEALED:

☐ Yes☒ No☐ Warrant Requested☒ Regular Process☐ In Custody

Location Status:

Arrest Date:

☐ Already in Federal Custody as of

in

☐ Already in State Custody☐ Serving Sentence☐ Awaiting Trial☐ On Pretrial Release: Ordered by

on

Charging Document:

☐ Complaint☒ Information☐ Indictment

Total # of Counts:

☐ Petty☐ Misdemeanor☒ Felony

1

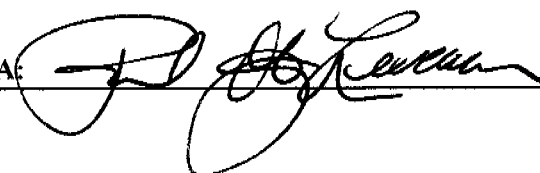
Continue on Page 2 for Entry of U.S.C. Citations

☒

I hereby certify that the case numbers of any prior proceedings before a Magistrate Judge are accurately set forth above.

Date: January 26, 2005

Signature of AUSA:



05 CR 10020 RCL

District Court Case Number (To be filled in by deputy clerk): \_\_\_\_\_

Name of Defendant CHARLES J. WALLACE

## U.S.C. Citations

	<u>Index Key/Code</u>	<u>Description of Offense Charged</u>	<u>Count Numbers</u>
Set 1	<u>18 U.S.C. §371</u>	<u>Conspiracy</u>	<u>1</u>
Set 2	_____	_____	_____
Set 3	_____	_____	_____
Set 4	_____	_____	_____
Set 5	_____	_____	_____
Set 6	_____	_____	_____
Set 7	_____	_____	_____
Set 8	_____	_____	_____
Set 9	_____	_____	_____
Set 10	_____	_____	_____
Set 11	_____	_____	_____
Set 12	_____	_____	_____
Set 13	_____	_____	_____
Set 14	_____	_____	_____
Set 15	_____	_____	_____

ADDITIONAL INFORMATION: \_\_\_\_\_

## Criminal Case Cover Sheet

U.S. District Court - District of Massachusetts

Place of Offense: \_\_\_\_\_ Category No. III Investigating Agency IRS, FBICity South Easton Related Case Information:

County Bristol Superseding Ind./ Inf. \_\_\_\_\_ Case No. \_\_\_\_\_  
 Same Defendant \_\_\_\_\_ New Defendant \_\_\_\_\_  
 Magistrate Judge Case Number \_\_\_\_\_  
 Search Warrant Case Number 2001 M 0455 RBC  
 R 20/R 40 from District of \_\_\_\_\_

## Defendant Information:

Defendant Name DICH TRIEU Juvenile ☐ Yes ☒ No

Alias Name \_\_\_\_\_

Address Utica, New YorkBirth date: \*\*\*/1948 SS#: \*\*\*/9504 Sex: M Race: Asian Nationality: Cambodian

Defense Counsel if known: John F. Palmer, Esq. Address: 24 School Street  
Boston, MA 02108

Bar Number: \_\_\_\_\_

## U.S. Attorney Information:

AUSA Paul G. Levenson Bar Number if applicable 553946Interpreter: ☒ Yes ☐ No List language and/or dialect: Cambodian (Khmer)Matter to be SEALED: ☐ Yes ☒ No☐ Warrant Requested☒ Regular Process☐ In Custody

## Location Status:

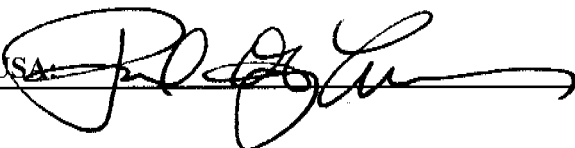
Arrest Date: \_\_\_\_\_

☐ Already in Federal Custody as of \_\_\_\_\_ in \_\_\_\_\_☐ Already in State Custody \_\_\_\_\_ ☐ Serving Sentence ☐ Awaiting Trial☐ On Pretrial Release: Ordered by \_\_\_\_\_ on \_\_\_\_\_Charging Document: ☐ Complaint ☒ Information ☐ IndictmentTotal # of Counts: ☐ Petty \_\_\_\_\_ ☒ Misdemeanor 1 ☐ Felony \_\_\_\_\_

Continue on Page 2 for Entry of U.S.C. Citations

☒ I hereby certify that the case numbers of any prior proceedings before a Magistrate Judge are accurately set forth above.

Date: January 26, 2005

Signature of AUSA: 

05 CR 10020 RCL

District Court Case Number (To be filled in by deputy clerk): \_\_\_\_\_

Name of Defendant DICH TRIEU

## U.S.C. Citations

	<u>Index Key/Code</u>	<u>Description of Offense Charged</u>	<u>Count Numbers</u>
Set 1	26 U.S.C. §7203	Willful Failure to Supply Tax Information	1
Set 2	_____	_____	_____
Set 3	_____	_____	_____
Set 4	_____	_____	_____
Set 5	_____	_____	_____
Set 6	_____	_____	_____
Set 7	_____	_____	_____
Set 8	_____	_____	_____
Set 9	_____	_____	_____
Set 10	_____	_____	_____
Set 11	_____	_____	_____
Set 12	_____	_____	_____
Set 13	_____	_____	_____
Set 14	_____	_____	_____
Set 15	_____	_____	_____

ADDITIONAL INFORMATION: \_\_\_\_\_